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## NEWS RELEASE

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### **PSC ISSUES NET METERING AND INTERCONNECTION GUIDELINES** ***Small renewable electric power generators get grid connection rules***

FRANKFORT, Ky. (Jan. 8, 2009) – The Kentucky Public Service Commission (PSC) today issued Kentucky's new guidelines for net metering and connecting small sources of renewable power to the electric grid.

Net metering allows customers who use sources such as solar cells or small windmills to send any excess power back to their electric utilities and receive a credit against their electric bills. Such net metering, which already applied to solar power sources in Kentucky, was expanded last year by the Kentucky General Assembly to include small generators of wind energy, hydroelectric power and power from biomass or bio-gas.

"Establishing uniform net-metering guidelines is a key to increasing Kentucky's renewable power market," said Gov. Steve Beshear. "Having these guidelines accomplishes one of the first major items of our energy plan. We look forward to many more successes as we strive to develop clean, reliable and affordable energy resources for the Commonwealth."

"These guidelines are an important step in the direction of Governor Beshear's goal of diversifying Kentucky's electric power portfolio," PSC Chairman David Armstrong said. "While the facilities covered by these guidelines may be relatively small, enough of them together can make a significant contribution toward meeting our state's energy needs."

The guidelines emerged from an administrative proceeding begun by the PSC in May. It involved 25 electric utilities and a number of entities interested in solar power generation.

In a series of meetings, all parties agreed on a set of guidelines that cover the technical, operational, financial and administrative aspects of opening the electric grid to net metering.

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In today's order, the PSC commended the parties for working together to produce the guidelines.

"Their hard work has resulted in a strong, comprehensive set of interconnection and net metering guidelines," the PSC said, adding that the cooperation has set the stage for successful implementation of the guidelines.

The guidelines were called for in Senate Bill 83, which was enacted by the Kentucky General Assembly last year. It gave the PSC until mid-January 2009 to develop guidelines that would establish technical requirements and an application process.

In addition to expanding the types of electric generation eligible for net metering, Senate Bill 83 also doubled the maximum capacity of such generators to 30 kilowatts from 15 kilowatts, raised the limit on the amount of generation allowed on a single utility's system, and extended the life of net metering credits to the life of a customer's account.

Sen. Ernie Harris, who sponsored Senate Bill 83, said he was pleased to work with Rep. Tanya Pullin to pass the legislation and appreciated the Beshear administration's work to implement the measure.

"The net metering concept is a part of our energy strategy that has great promise to help us with the long-range needs of the state," Harris said.

Pullin said the net metering guidelines are a key element in boosting the use of renewable energy.

"Net metering enables Kentucky homeowners and small businesses to play a direct role in diversifying our state's energy portfolio," she said, noting that Senate Bill 83 included elements of House Bill 313, sponsored by Rep. Harry Moberly.

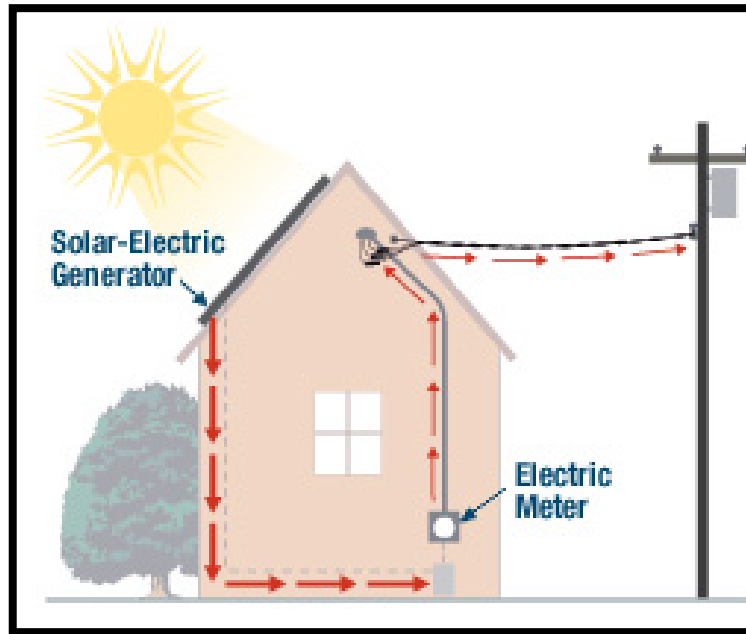
Today's order and the guidelines, as well as other case documents, are available on the PSC Web site, [psc.ky.gov](http://psc.ky.gov). The case number is 2008-00169.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 100 employees.

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## **A NET METERING GRAPHIC AND A LIST OF PARTIES TO THE CASE FOLLOW**

## HOW NET METERING WORKS



During the day, when the solar-electric generator produces more electricity than the consumer needs, the excess is fed to the grid and the meter spins backwards, reducing net consumption.



At night, when the solar-electric generator is inactive, electricity flows from the grid and the meter spins forward, recording consumption.

Graphics courtesy of Orange and Rockland Utilities, Inc.

## LIST OF PARTIES TO CASE 2008-00169

### Utilities:

- Big Rivers Electric Corp.
- Big Sandy Rural Electric Cooperative Corp.
- Blue Grass Energy Cooperative Corp.
- Clark Energy Cooperative Inc.
- Cumberland Valley Electric Inc.
- Duke Energy Kentucky Inc.
- East Kentucky Power Cooperative Inc.
- Farmers Rural Electric Cooperative Corp.
- Fleming-Mason Energy Cooperative
- Grayson Rural Electric Cooperative Corp.
- Inter-County Energy Cooperative Corp.
- Jackson Energy Cooperative
- Jackson Purchase Energy Cooperative
- Kenergy Corp.
- Kentucky Power Company/American Electric Power
- Kentucky Utilities Co.
- Licking Valley Rural Electric Cooperative Corp.
- Louisville Gas and Electric Co.
- Meade County Rural Electric Cooperative Corp.
- Nolin Rural Electric Cooperative Corp.
- Owen Electric Cooperative Inc.
- Salt River Electric Cooperative Corp.
- Shelby Energy Cooperative Inc.
- South Kentucky Rural Electric Cooperative Corp.
- Taylor County Rural Electric Cooperative Corp.

### Others:

- Kentucky Office of Attorney General
- Appalachia-Science in the Public Interest
- Solar Energy Solutions, LLC
- Joshua Bills (individual intervenor)